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SUBJECT: Guangdong IPR White Paper: Criminal Cases, Case Transfers,  
and Audio-Visual Campaigns

REFERENCE: Guangzhou 376

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accordingly.

¶1. (U) SUMMARY: Guangdong's 2006 intellectual property rights (IPR)  
white paper cites specific efforts against infringement in the  
audio-visual industry, improved coordination between Customs and  
PSB, and four new IPR complaint centers for the public. Guangdong  
courts concluded 113 IPR-related criminal cases and 2,778 civil  
cases in 2006 (compared with 94 and 3,316, respectively, in 2005).  
Guangdong authorities transferred 38 trademark cases to the police  
in 2006 (up from 17 in 2005). Guangdong granted more patent and  
trademarks than any other province for the 12th consecutive year.  
END SUMMARY.

#### Criminal and Civil Cases

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¶2. (U) According to the 2006 IPR white paper, Guangdong courts  
concluded 113 criminal cases involving 221 individuals in 2005  
(compared with 94 cases and 232 individuals in 2005). Guangdong  
courts concluded 2,778 IPR-related civil cases in 2006, more than  
any other province (down from 3,316 IPR-related civil cases in  
2005). The report notes that 48 percent of IPR cases were settled  
through mediation.

¶3. (U) In a pilot program begun in June 2006, the provincial  
government designated three courts to integrate criminal, civil, and  
administrative IPR cases. Guangdong has also designated eight  
county-level courts to handle IPR civil cases in an effort to  
alleviate the workload of intermediate courts. Guangdong has done  
more in both of these areas than any other province, according to  
the report.

#### Administrative Cases and Case Transfers

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¶4. (SBU) The report states that Guangdong Intellectual Property  
Office (IPO) and Public Security Bureau (PSB) established an IPR  
Enforcement Liaison Office in 2006 to improve the transfer of cases  
from administrative to judicial authorities.

-- The Guangdong Administration of Industry and Commerce (AIC) and

Technical Supervision Bureau (TSB) investigated 2,358 trademark cases and transferred 38 cases to the PSB in 2006, up from 17 case transfers in 2005. (In a March 14 meeting with a USTR-led delegation, a Guangdong TSB representative said case transfers have increased in part because local offices can receive monetary awards of up to RMB 2 million [USD 260,000] for doing so.)

-- The Guangdong Cultural Bureau investigated 5,033 IPR cases in 2006, transferring 541 to "other authorities" (it is unclear if "other authorities" include the PSB).

-- The Guangdong Copyright Bureau investigated 1,907 IPR cases (47 of which involved internet piracy) and transferred 36 cases to "other authorities" in 2006, down from 51 in 2005. (In a separate report issued by the Guangdong IPO on April 25, one of the "Top Ten IPR cases of 2006" was brought by the Association of American Publishers against a website that illegally distributed one of its members' publications. Guangdong Copyright closed the website and assessed an administrative penalty. This was the only case involving a foreign company to be included in Guangdong's "Top Ten" list.)

-- Guangdong IPO investigated 57 cases of patent infringement in 2006.

-- The Guangdong Quality Supervision Bureau investigated 2,205 IPR cases and transferred 41 to the PSB in 2006, up from 23 in 2005.

-- The Guangdong Food and Drug Administration investigated 8,105 cases and transferred 29 to the PSB in 2006.

-- The Guangdong Department of Agriculture investigated 139 IPR cases in 2006.

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#### Police Investigations

15. (SBU) The Guangdong PSB investigated 396 criminal IPR cases in 2006, concluding 288 and arresting 806 suspects (the 2005 numbers were 426, 331, and 1,207, respectively). Most of these cases were generated by the Mountain Eagle II campaign, which lasted from March to December 2006. The report takes special note of cases in the cigarette, pharmaceutical, audio-visual, and cosmetics industries. (During the March 14 meeting with USTR, a Guangdong PSB representative noted cooperation with Pfizer and Proctor & Gamble in 2006.)

#### Audio-Visual and Software

16. (U) The report highlighted two campaigns targeting pirated CDs and DVDs in 2006: "Operation Sunshine" and the "100 Day Campaign." The PSB seized 11 illegal optical disc production lines in 2006 (down from 15 in 2005) and arrested more than 40 people. The Guangdong Cultural Bureau investigated 5,033 A/V-related cases and seized nearly 49 million pieces of pirated goods in 2006, including optical discs. The Guangdong Cultural Bureau targeted its enforcement efforts on computer markets and electronics markets. Copyright and Cultural bureaus together investigated 7,888 cases, involving more than 75 million A/V products.

17. (U) The report also notes a special campaign that took place from March to April 2006, led by local Cultural bureaus, which targeted A/V products that infringed on U.S. films. The operation, which was coordinated with the Motion Picture Association, led to actions against more than 1,000 stores in Guangzhou and Shenzhen, according to the white paper. Authorities fined 42 stores and revoked the licenses of nine others.

18. (U) Regarding software legalization, the report states that all levels of government offices in Guangdong were using legal software by the end of 2006. Copyright authorities focused legalization efforts on private enterprises in 2006, including SMEs.

## Customs

¶9. (U) Guangdong Customs officials conducted 636 IPR-related seizures in 2006 (up from 521 in 2005), according to the white paper. Five regional Customs offices set up special IPR divisions. During a six-month campaign targeting express-mail providers, Guangdong Customs made 130 seizures, including fake Nike, Chanel, and Nokia products. Guangdong Customs improved coordination with the Guangdong PSB as a result of new national regulations; the first joint Customs-PSB case in Guangdong took place in March 2006 and four infringers were sent to prison for copying Motorola products. Guangdong and Hong Kong customs authorities conducted six joint enforcement operations in 2006 (down from nine in 2005) and jointly investigated more than 30 IPR cases.

## Trade Fairs

¶10. (U) According to the white paper, trade fairs were a priority area for IPR enforcement in 2006. Guangdong IPO, AIC, and Copyright authorities staffed IPR complaint centers at a number of fairs. Authorities at the two sessions of the Canton Trade Fair in 2006 handled 1,045 IPR complaints, up from 882 in 2005. (In addition to Guangdong IPO, AIC, and Copyright, an official from the Guangzhou IPR Complaint Center [see below] was present at the April 2007 Canton Fair, see septel.) Other prominent trade fairs with IPR complaint centers highlighted in the report include those featuring lighting equipment, home decorations, automobiles, and furniture.

## IPR Complaint Centers

¶11. (U) Following on a national program, in 2006 Guangdong established IPR Complaint Centers in Guangzhou, Shenzhen, Shantou, and Zhanjiang to handle phone and e-mail inquiries from the public. The provincial-level Guangzhou center handled 18 IPR complaints in ¶2006. (During an April 17 visit to the center, staff said they had

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handled 29 complaints from summer 2006 to April 2007, transferring all of them to relevant authorities, and answered an additional 70 IPR-related inquiries.) The hotline phone number is 12312.

## Patent and Trademark Applications

¶12. (U) The white paper states that Guangdong received more patent and trademark grants than any other province in 2006 for the 12th consecutive year. It noted that Guangdong accounts for 10 percent of the country's invention patent granted. For the sixth consecutive year, Guangdong companies received more "China Famous Brand" awards in 2006 than any other province. Eight Guangdong products, including bacon, oranges, and black tea, were given geographic indication trademarks in 2006 (the same as in 2005), bringing the total to 22.

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